Folkestone & Hythe
District Council

Report Number **C/23/28**

To:	**Cabinet**
Date:	**20 September 2023**
Status:	**Non-Key Decision**
Responsible Officer:	**Lydia Morrison, Corporate Service Director**
Cabinet Member:	**Councillor Tim Prater**

SUBJECT: **INVESTIGATIONS AND FRAUD OVERVIEW 2022/23**

SUMMARY: This report gives an overview of the work of the Folkestone & Hythe District Council (FHDC) Investigations unit for the year 2022/23, covering Housing Benefit, Council Tax, Non-Domestic Rates and Housing.

REASONS FOR RECOMMENDATIONS:
To receive and note the report as a review of work carried out by Folkestone & Hythe District Council in 2022/23.

RECOMMENDATIONS:
1.   **To receive and note report C/23/28.**

1.0 BACKGROUND

1.1 In 2015/16 the DWP introduced the Single Fraud Investigation Service (SFIS) moving the investigation of Housing Benefit fraud into a service investigating all types of benefit fraud. Kent County Council, Kent Police and Kent Fire & Rescue (the major preceptors) and the Kent billing authorities saw this as an opportunity to refocus the expertise held within districts to investigate fraud and error within the Council Tax Reduction Scheme, Council Tax and Business Rates discounts, exemptions and reliefs.

1.2 FHDC maintained this focus as well as working on joint investigations with DWP on Housing Benefit (HB) cases due to overlaps in evidence and intelligence.

1.3 Projects are also undertaken across Kent as part of the Kent Intelligence Network (KIN). Data is matched across all 13 districts and Medway Council. Sharing data enables authorities to find those claiming benefits, discounts and reliefs that would not be picked up if only using data from a single authority.

1.4 FHDC also analyse data and matches from the National Fraud Initiative (NFI), the Housing Benefit Matching Service (HBMS) and use Credit data for identifying Sole Occupancy Discount fraud.

2.0 COUNCIL TAX REVIEWS AND DISCOUNTS

2.1 Sole Occupancy Discount Reviews are carried out using credit data information to find addresses where a single person discount is being claimed and the credit data shows more than one adult living there. Funding for the credit data was provided by the major preceptors. Using the data enables the reviews to be carried out specifically on cases where there is evidence of more than one adult in the property.

2.2 The Council also signs up to the Cabinet Office National Fraud Initiative exercise. This matches Council Tax data against Electoral Roll data. Carrying out two different types of reviews ensures that we are using all available data to find incorrectly claimed discounts.

2.3 The investigations unit has also identified and carried out targeted campaigns during the year to identify further fraud or error that may exist.

2.4 The table below shows an overview of the Council Tax investigations work for the year and savings identified. This is a decrease from the previous year where £625,795 of savings were identified from 819 investigations. This is largely due to ongoing preventative work that had started the previous year so many of the larger historic cases have now been identified.

Type	Cases investigated	Fraud Proven	Savings identified		
Sole occupancy & other discounts	304	108	£120,081		
Council Tax Reduction	397	160	Current year: £77,841	Previous year: £58,845	Future year: £149,189
Total	701	268	£405,956		

3.0 NON-DOMESTIC RATE INVESTIGATIONS

3.1 The investigations unit completed the investigations into Covid Grants (provided to support local businesses during lockdown) during the start of the year. This decreased from the previous year as these were the final cases from grants that are now closed.

3.2 The Council continues to carry out regular data matching with the NFI and Kent to identify potential fraudulent claims in this area.

Type	Cases investigated	Fraud Proven	Savings identified
Covid Grant	1	1	£8,000
Total	1	1	£8,000

4.0 HOUSING

4.1 Housing Fraud can take a number of aspects:

- Illegal subletting
- Non occupation
- False housing applications
- False right to buy applications
- Key selling
- Rent deposit scheme
- Succession and assignments

Actual values when identifying Housing Fraud cases are based upon a nationally recognised notional value in the savings a property can bring a Council by being used appropriately, such as reduced waiting lists, savings in temporary accommodation and social savings to residents.

4.2 The investigations unit also checks every Right-to-Buy application to ensure that the applications are valid according to the relevant legislation.

4.3   The table below shows the cases investigated and notional savings identified. Although there were more cases reviewed in 2021/22 (39), more cases have been found in 2022/23 (compared to 4 cases and £33,450 in 2021/22).

Type	Cases investigated	Fraud Proven	Savings identified
Tenancy Fraud	24	12	£86,830
Total	24	12	£86,830

5.0   HOUSING BENEFIT

5.1   Although HB is under the remit of DWP the Council shares data and carries out joint investigations in this area as the Council is still responsible for the administration of the outcomes and recovery of any HB fraud identified.

5.2   On top of this work the Council also receives HBMS (Housing Benefit Matching Service) data as part of the DWP's Housing Benefit Accuracy Award (HBAA) Initiative. The investigations unit completed 174 of these cases in 2022/23 from a target of 96. The is carried out alongside the additional HBAA work where 677 claims were reviewed during the year by the Benefits team (this work is not included in the fraud savings in 5.3). The Council was in the top Local Authority quartile for this initiative as indicated below:

LA Ranking	2022-23 Q1	2022-23 Q2	2022-23 Q3	2022-23 Q4
Top 25%	HBAA score > 83%	HBAA score > 76%	HBAA score > 85%	HBAA score > 84%
Second quartile	73% < HBAA score ≤ 83%	64% < HBAA score ≤ 76%	74% < HBAA score ≤ 85%	73% < HBAA score ≤ 84%
Third quartile	61% ≤ HBAA score ≤ 73%	54% ≤ HBAA score ≤ 64%	62% ≤ HBAA score ≤ 74%	62% ≤ HBAA score ≤ 73%
Bottom 25%	HBAA score < 61%	HBAA score < 54%	HBAA score < 62%	HBAA score < 62%

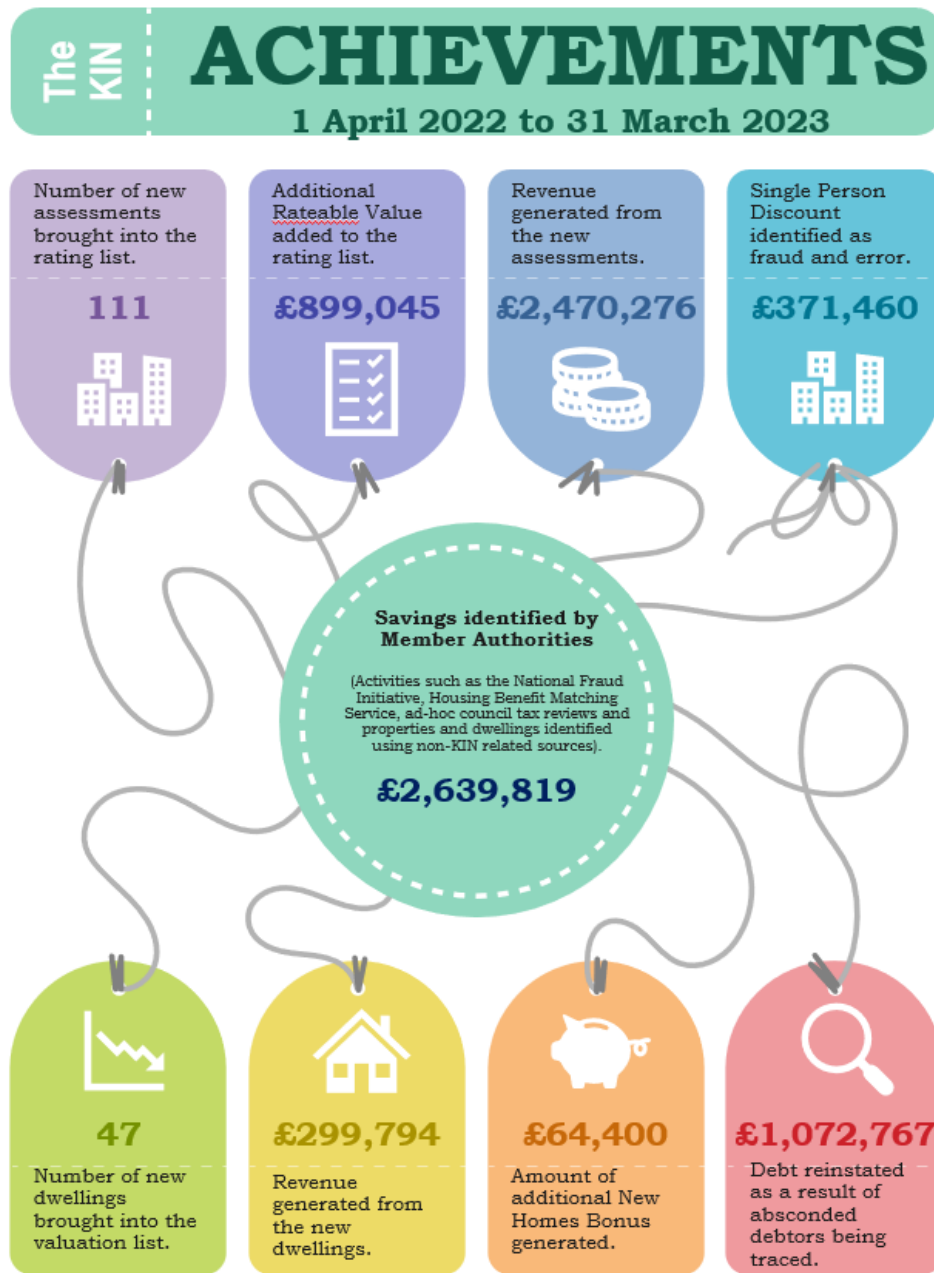| Historical HBAA Indicator performance Q1 to Q4 for the FYE 2023: Value of achieved and expected HB reductions			
Reporting period	Achieved	Expected	HBAA Indicator score
2022-23 Q1	£35,729	£31,486	113%
2022-23 Q2	£34,454	£33,946	101%
2022-23 Q3	£33,961	£31,331	108%
2022-23 Q4	£30,614	£28,449	108%

5.3   The table below shows the impact of the additional investigations work in Housing Benefit (not including the HBAA reductions). This identifies an increase in cases from 2021/22 (where fraud was proven in 124 of 426 cases investigated) and an increase in savings from £115,996 in the previous year.

Type	Cases investigated	Fraud Proven	Savings identified
Housing Benefit	466	150	£211,671
Total	466	150	£211,671

6.0   WORK WITH THE KENT INTELLIGENCE NETWORK (KIN)

6.1   As a member of the KIN the Council also receives notifications of potentially unlisted properties as part of the project. This means that there are properties that do not currently sit in the list managed by the Valuation Office Agency (VOA) for Council Tax or Non-Domestic Rates which means that they are not chargeable dwellings.

6.2   During 2022/23 KIN reported 7 potentially unlisted residential properties (for Council Tax); 2 of these properties were deemed to be chargeable. This has generated an additional £2,012 charge for the year and a future 3-year benefit of £7,773 over that period.

6.3   At the time of writing the report a third property is waiting valuation with the VOA to be brought into listing.

6.4   During the same period KIN reported 26 potentially unlisted Non-Domestic (Business Rates) units; 8 of these properties were deemed to be chargeable. This has generated an additional £23,550 in rateable value for the year.

6.5   At the time of writing the report there are a further 13 properties awaiting review or a decision from the VOA on the rateable values if brought into listing.

6.6   Further investment from KIN also enables the Council to use additional tracing tools to identify debtors where up to date details are not known. This additional support enabled the Council to trace an additional 63 absconded debtors during 2022/23, bringing back £53,370 into collectable debt.

6.7   The overall impact of KIN across Kent can be identified on the infographic below.

Kent Intelligence Network achievements 2022/23

The KIN ACHIEVEMENTS
1 April 2022 to 31 March 2023

Number of new assessments brought into the rating list. **111**	Additional Rateable Value added to the rating list. **£899,045**	Revenue generated from the new assessments. **£2,470,276**	Single Person Discount identified as fraud and error. **£371,460**

Savings identified by Member Authorities

(Activities such as the National Fraud Initiative, Housing Benefit Matching Service, ad-hoc council tax reviews and properties and dwellings identified using non-KIN related sources).

£2,639,819

47 Number of new dwellings brought into the valuation list.	**£299,794** Revenue generated from the new dwellings.	**£64,400** Amount of additional New Homes Bonus generated.	**£1,072,767** Debt reinstated as a result of absconded debtors being traced.

7.   RISK MANAGEMENT ISSUES

7.1   Investigations and diligence ensures the protection of Council and Government funds, and that support is offered correctly to those that qualify.

Perceived risk	Seriousness	Likelihood	Preventative action
No Council Investigations are carried out	High	Low	To ensure that the Investigations Officer used all tools available to combat and identify fraud and error.

Potential cases are not referred to the Investigations team.	High	Low	The Council has an online referral process, links to DWP referrals and the use of the Kent Intelligence Network. Officers are trained in fraud and error identification and referrals.

8. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

8.1 **Legal Officer's Comments (NM)**
There are no legal implications arising directly from this report. The Crown Prosecution Service conduct prosecutions arising from fraud investigations.

8.2 **Finance Officer's Comments (ST)**
All relevant Financial Information is included within the body of this report.

8.3 **Diversities and Equalities Implications (GE)**
There are no equality and diversity implications directly arising from this report.

8.4 **Climate Change Implications (OF)**
There are no climate change implications arising from this report.

9. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Andrew Hatcher, Revenues and Benefits Lead Specialist
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Appendix A

Investigations tools

- **National Fraud Initiative (NFI)**

  A bi-annual exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

- **Housing Benefit Matching Service (HBMS)**

  A mechanism used to cross reference claimant data held on Local Authority (LA) systems with DWP, cross government and external systems, identifying inaccuracies and discrepancies that might signal potential risk of Fraud & Error in an Housing Benefit award.

- **Housing Benefit Debt Service (HBDS)**

  An LA completes a Data Template each month with the cases they would like to match with HM Revenue and Customs (HMRC) data. The Data Template is uploaded to the DWP Transfer Your File on a set date each month. DWP works with HMRC to provide match details on each case.

- **Verify Earnings and Pensions (VEP)**

  VEP Alerts are triggered by changes to data in 'real time', coupled with business rules to identify potential error. VEP alerts will only flow when a claimant/partner is registered on VEP. LAs will receive Alerts for starts in employment/pensions or changes to earnings that could impact on HB in payment in real time.

- **Automated Transfer to Local Authority Systems (ATLAS)**

  This provides the LA with updates on HMRC Tax Credit revisions and notifications of DWP new claims and benefit changes. These are received within 48 hours, allowing for the prompt and efficient reassessment of HB claims.

- **Home Office data share**

  A cross departmental data share with DWP, HMRC and the Home Office to identify claimants who no longer have 'leave to remain' in the UK and are no longer entitled to receive HB.

- **Royal Mail Do Not Redirect (DNR)**

  This service is available to prevent official and unofficial redirects by identifying LA HB post within the delivery office, intercepting the postal item if it would otherwise have been redirected and returning the postal item to the nominated point within the LA.